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Nintendo zaps McCann

By Cleveland Horton and Kate Fitzgerald

Nintendo of America, facing stepped-up competition, this week will name Leo Burnett USA or Foote, Cone & Belding to replace McCann-Erickson Worldwide on the videogame giant's $35 million ad account.

The announcement on the winning agency—in what might be called an agency-generated pitch—could come today.

"We've been driven crazy with agencies large and small coming to us literally on a weekly basis over the last two years," Peter Main, Nintendo senior VP-marketing, said from Chicago, where the Consumer Electronics Show opened June 2.

Nintendo, fighting off the aggressive Sega of America and NEC Technologies in the steadily maturing videogame industry, will unveil multiple new game titles at the summer show, along with enhancements to its basic Nintendo Entertainment System and hand-held Game Boy unit.

"The videogame market as a whole is maturing, and Nintendo's new agency will give it a new focus."

Conspicuously absent, however, is a Nintendo version of the upgraded "16-bit" systems that have become the most important weapon in major new offensives by Sega and NEC.

Nintendo is expected to unveil its enhanced new system, offering more sophisticated graphic and audio capabilities than its existing "8-bit" system, in Japan later this year and in the U.S. next year.

The task of creating advertising for that system will fall to the new agency, but its most important job will be preserving Nintendo's edge.

"Nobody's saying what went wrong between McCann and Nintendo, because the results of their partnership have been very successful," said David Leibowitz, a toy industry analyst with American Securities Corp. "But the videogame market as a whole is maturing, and Nintendo's new agency will give it a new focus."

Nintendo is still the far-and-away leader of the $3.4 billion market, owning 80% of the industry along with its 70 software licensees. Sega's share is estimated at 10% with NEC's share believed to be even smaller.

But the competition is coming on stronger than ever.

At the show, Sega announced a major tie-

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Capitalists warm up to Gorby

Ads put Soviet leader's image to work

By Gary Levin

Glasnost is proving a godsend for marketers looking to latch onto Mikhail Gorbachev's latest U.S. visit.

The Washington summit last week between the Soviet leader and President Bush prompted a round of print ads celebrating warmer relations between the two superpowers.

Hawking everything from vodka to carpeting, marketers aimed for opportunistic publicity ploys, while Minneapolitans and San Franciscans rolled out the red carpet for President Gorbachev's first visits there.

Monsieur Henri Wines ran its fourth

(Continued on Page 52)

LAST MINUTE NEWS

IBM taps Lintas for new account

PARIS—IBM Corp. has selected Lintas:Worldwide for a new pan-European assignment, expected to be the launch of a personal computer. A Lintas source said that though no one knows budgets yet, the account may start out at about $30 million and is expected to grow. Others said the assignment could be worth up to $60 million.

An IBM spokesman confirmed the selection but wouldn't give details. Lintas' Paris office, the lead agency on the pitch, wasn't allowed to comment.

In the U.S., Lintas:New York shares IBM's estimated $125 million account with Wells, Rich, Greene, New York. Lintas handles IBM's PC products.

Also pitching for the new assignment were GGK International and Backer Spielvogel Bates Worldwide.

Lintas' victory is a major blow for Swiss-based GGK, IBM's main European agency. Although IBM said in a statement that adding Lintas to the roster in Europe wouldn't affect GGK's status, there's been speculation the agency's IBM business could come under review.

GGK has been rumored to be for sale, though the company has repeatedly denied owner Paul Gredinger, 65, intends to dispose of the agency net-

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ABC ratings plan risks advertiser exit

Rival TV networks could reap ad windfall

By Wayne Walley

NEW YORK—ABC fired the first volley in the network TV upfront sales season but may have shot itself in the foot.

Late last week, ABC issued a precedent-setting proposal to change the way the network guarantees ratings for its shows. The new system would soften ABC's liability for ratings shortfalls.

Media buyers generally denounced the plan, while advertisers and agencies scrambled to avoid doing business with ABC for the coming fall prime-time season.

If any such action materializes, it could mean a windfall for rival networks NBC and CBS.

"There's a groundswell in the industry," a top-level agency source said. "Everyone is off the wall ready to hold back spending on ABC. If enough buyers hold out, ABC will have to cave in."

The uproar could also give ABC's rivals cause to rethink any ideas of establishing similar guidelines. If CBS and NBC smell an opportunity to make sales instead of new policies, it could leave ABC out on a limb.

"There is a real opportunity for CBS and NBC to stand by Nielsen numbers and gain from it," said Alison Danzberger, senior VP-director of national broadcast for Foote, Cone & Belding. "They can retain good will and maybe steer some money in their direction, since advertisers aren't forced to buy all three networks."

"Everyone is off the wall ready to hold back spending on ABC. If enough buyers hold out, ABC will have to cave in."

First-quarter figures from Nielsen Media Research showed a severe and unexplained 4% drop in the percentage of households using TV and a corresponding drop in ratings at the Big 3 networks.

The drop forced the nets to provide advertisers with as much as $150 million in free "make-good" ad units to make up for shortfalls of guaranteed ratings.

The networks blame the reported drop in TV use on Nielsen's measurement system. But several investigations by the ratings company uncovered no system flaws, and separate studies by various agencies and organizations said first-quarter results appear accurate.

The networks have been frantically seeking new ways to alter the ratings guarantee system.

Under the ABC plan, audience ratings will be adjusted upward or downward according to "persons-using-TV" figures for the 1990-91 season by comparing monthly PUT data with a base three-year PUT average.

The plan provides ratings guarantees for demographic groups but incorporates PUT levels so adjustments are made if the PUT level in a given month differs from the average PUT level from the previous three years.

Most media buyers predict PUT levels during the 1990-91 TV season will be lower than the three-year average, which means ABC would automatically adjust audience delivery figures above reported Nielsen levels.

ABC described the new formula as a safeguard against instability and uncertainty in TV usage. If the three-year average PUT level is lower it would benefit advertisers because it makes it likely the network would owe more make-goods, ABC said.

Past attempts to change the ratings guarantee system have been thwarted by buyers flocking to other networks willing to give guarantees. So far, only Fox Broadcasting Co. has vowed to give advertisers "hard number" guarantees in upfront negotiations this year.

NBC sales executives couldn't be reached for comment last week, but the network issued the following statement on Friday: "The recently announced ABC sales guarantee plan seems, at first look, to be both actionable and equitable."

CBS officials simply said they're not happy with the existing ratings system but haven't determined a course of action.

"The key to this issue is what NBC does. If they come in with hard numbers, then ABC is hard-pressed to push this policy," said an agency executive who asked to remain anonymous. "In the meantime, thank God Fox will guarantee ratings this year."

"If ABC is the only network to have this, then it gives the others a tremendous sales advantage," said Paul Schulman, president of Paul Schulman Co., a subsidiary of Advanswers. "It's a tough policy. I'm sure there are other wrinkles subject to negotiation as to where the money falls and the shows involved. But the first network that needs money will break the rules."

Philip Guarascio, executive director of advertising and strategic merchandising for General Motors Corp., called the ABC proposal a "takeaway" from advertisers and said the network's attempts to put it into effect open up other areas for negotiation.

"If ABC wants to put more risk

(Continued on Page 53)

A-B, Miller balk at ABC price hike for Mon. football

By John McManus

Anheuser-Busch and Miller Brewing Co. rejected ABC's terms for "Monday Night Football"—four-year commitments for nearly $100 million each—industry sources said.

The brewers' rejection of ABC's terms is a new sign they might trim their network sports ad buys, a move that would leave ABC, CBS and NBC scrambling.

The rebuff resulted from an impasse over commercial-unit pricing, the length of the commitments and the number of beer units in each telecast.

ABC and Miller declined comment; A-B said it was still negotiating with the network. Executives close to both brewers said the companies would wait as long as it takes for ABC to come up with more favorable terms.

Other sports advertisers are closely watching developments between ABC and the nation's No. 1 and No. 2 brewers to see whether their stance leads to hard bargaining on all National Football League telecasts.

"Why the brewers haven't moved on 'Monday Night Football' is the question of the hour," said an executive close to one of the breweries. "Is ABC being overly bullish? Have they miscalculated the market? And where are the other advertisers going to be if the brewers won't pay the kind of money ABC wants? [Other advertisers are] going to sit back and wait."

ABC wants to renew A-B and Miller on "MNF" with the same alternating-game exclusivity, 10 commercial-unit basis as under the previous three-year contract priced at $41.8 million for each brewer. That contract expired at the end of last season.

ABC sought a first-year rate of $260,000 per 30-second spot and a 4% increase each year.

At that rate, starting at about 20% higher than last year's average regular season commercial unit, A-B and Miller would each pay $96.7 million for the four-year period.

Neither the previous nor the proposed commitments included preseason games, and the new plan doesn't include two playoff games set for "Monday Night Football." It's estimated preseason and post-season buys would put the brewers' tab at more than $100 million.

Brewery executives said they believe ABC will meet their demands and change the beer category exclusivity requirement to eight units and come down to well below $260,000 per unit.

A-B and Miller also are said to be concerned about the length of the commitments. □

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ABP MPA

Ringing up recall

Heavy advertising puts AT&T in top 10

By Kate Fitzgerald

AT&T Co. was the "right choice" among consumers polled last month, returning the telecommunications company to the ranks of the top 10 best-recalled ads.

In its first appearance on the list since last July, AT&T tied with Toyota Motor Sales USA for eighth in *Advertising Age's* monthly ad-Watch survey of top-of-mind ad awareness for April.

GALLUP SURVEY

The AT&T awareness surge likely was due to a heavy TV and print campaign launched in late March for its new Universal credit card.

Lord Einstein O'Neill & Partners, New York, created the campaign in partnership with Young & Rubicam, one of AT&T's key agencies.

Other campaigns contributing to AT&T's awareness last month included TV spots from N W Ayer, agency for the company's service and equipment advertising, and Ogilvy & Mather's TV spots for the Reach Out America long-distance discount plan.

For the third straight month, Pepsi, Coca-Cola and Ford were the three top advertisers in unaided awareness, with Pepsi holding the No. 1 spot and Coca-Cola and Ford tied for second.

Chevrolet moved up to fourth from ninth in March, bumping Anheuser-Busch's Budweiser and Bud Light down a notch to fifth.

Nike, which made its first-ever appearance on the top 10 list at No. 9 in March, moved up to No. 6, tying McDonald's Corp.

Chrysler fell to a 10th-place tie with Nissan Motor Corp. USA's Infiniti. Chrysler's No. 8 finish in March, fueled by Chairman Lee Iacocca's Japan-bashing TV campaign, marked the first time the company had appeared in the top 10 in a year.

In aided awareness, the status quo reigned in most categories. An exception was Black Velvet's return to the top three among **liquor** advertisers for the first time in a year.

Brown-Forman Corp.'s Jack Daniel's led with a 6.6% share of first mentions, followed by the Seagram brand with 3.5% and Heublein's Black Velvet with 2.6%.

AdWatch is a joint project of *Ad Age* and the Gallup Organization. Advertising awareness is measured by asking a nationally projectable sample to name the first advertising that comes to mind from all seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is plus or minus 3.1%. □

For more information, contact the Gallup Organization, 301 S. 6th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness Top 10 for April

In April, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertising first comes to mind?

Rank 4/90	Rank 3/90	Advertiser	Agency
1	1	Pepsi-Cola	BBDO Worldwide
2*	2	Coca-Cola	McCann-Erickson Worldwide
2*	3	Ford	J. Walter Thompson USA
4	9*	Chevrolet	Lintas:Campbell-Ewald
5	4	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles
6*	6*	McDonald's	Leo Burnett USA
6*	9*	Nike	Wieden & Kennedy
8*	—	AT&T	N W Ayer/Ogilvy & Mather/Young & Rubicam
8*	—	Toyota	Saatchi & Saatchi DFS/Pacific
10*	8	Chrysler	Bozell
10*	6*	Infiniti	Hill, Holliday, Connors, Cosmopulos

*Indicates tie. Source: Gallup Organization, Lincoln, Neb.

Spam tries out breakfast item

AUSTIN, Minn.—Spam for breakfast?

Geo. A. Hormel & Co. thinks it will work. The meat marketer this month starts testing Spam breakfast strips, promoted as a bacon substitute with 50% less fat.

The product, which can be fried or microwaved, will be tested in Detroit; Houston; Memphis, Tenn.; and Minneapolis. Although ad support hasn't been finalized, Hormel likely will test print ads, radio spots and in-store demonstrations in various combinations.

BBDO Worldwide, Minneapolis, is the agency.

As it continues to make convenient forms of familiar meats a corporate priority, Hormel is also introducing Jennie-O Turkey Express.

A microwaveable 1-pound turkey roast that produces its own gravy, Turkey Express is testing in Colorado, Iowa, Minnesota, Nebraska and Wisconsin markets, as well as in Seattle.

An animated TV spot, radio commercials and free standing inserts support from Chuck Ruhr Advertising, Minneapolis. □

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